Financial Record Keeping

Updated July 1, 2016

The receipt of grant funds as revenue, and expenditures--whether of grant funds, in-kind, or matchneed a verifiable paper-trail to support them. All grant agreements contain what is called an "audit" clause, which says—in similar words to these—that grant recipients are responsible to "maintain records relating to the receipt and expenditure of grant funds," and that documentation of those receipts and expenditures "may be examined" by BWSR at any time and "are subject to verification." To responsibly manage a BWSR grant, grant recipients must be able to document the receipt the receipt of revenue and expenditures on staff time, contractors, and other costs. They must also know what is and is not an "allowable" cost to be charged to a BWSR grant.

Record Keeping for Revenue

To document the receipt of revenue from BWSR, the records that need to be kept are:

- The line item from your financial system showing the receipt of grant funds from the state
- Documentation of a local cash match (i.e., levy), if the grant requires it.
- Records of the transfer of funds between grant recipients, such as receipts of WCA payments from a County to an SWCD.
- The Treasurer's Report to the LGU's Board that shows the grant funds received from BWSR being recorded in the financial system, or some other evidence that the Board or governing body has overseen and verifies that the grant recipient has received those funds.

Record Keeping for Expenditures on Programs

Allowable costs (costs that can be charged to BWSR grants or used as match) include but are not limited to:

- 1. Staff Time
- 2. Facilities and Administration
- 3. Supplies
- 4. Contractors / Project Costs
- 5. Equipment and Other Capital Expenditures

To document the costs of employees or staff time, the records that need to be kept are:

- An account of time worked on the grant by each staff person. This can either be:
 - 1. Direct time tracking, that indicates hours of staff time charged to the grant, or
 - Personnel activity reports (PARs) or the equivalent that constitute after-the-fact determinations of grant activities. (For more information, see "Time and Effort Documentation.")
- Rate of pay/hour for each staff person charging time to the grant, and some documentation from your internal financial system that verifies this rate of pay. (If a "built-up" billing rateincluding benefits, leave, and F&A costs--is used, see "Determining a Billing Rate.").
 Documentation from your financial system that shows the staff person being paid out of the grant.
- Records documenting a local match contribution, if one is required.

- For most programs that BWSR funds, the match can be an in-kind contribution of employee time.
- If a line item in the financial system does not identify the required match, other evidence may suffice, such as a financial statement or balance sheet. Often the most conclusive evidence that a government is meeting its match requirement is a Board action that commits the funds.

To document facilities and administrative (F&A) costs (that is, general indirect or "overhead" costs, such as insurance, office maintenance, and rent, and including supplies), an itemized statement of operations, or the equivalent, should be kept.

Record Keeping for Expenditures on Projects

To document spending on a practice or project, the records that need to be kept are:

- The contract that pays a land occupier or project holder, in whole or in part, to implement a conservation practice with state funds.
- The Cost-Share Voucher and Practice Certification Form, or other allocation voucher, that
 documents what the land occupier or project holder paid for the practice versus what the grant
 recipient contributed to it (with BWSR funds); certifies that the land occupier or project owner
 agrees with the costs; and records the technical approval of the practice.
- Invoices or receipts from the contractor.
 - If the practice or project was provided by the grant recipient rather than a contractor (that is, if the grant recipient dealt with the land occupier directly, without a contract), an invoice from the land occupier to the grant recipient will be collected.
- Minutes from Board or other governing body meetings that record decisions to charge or contribute to the grant, such as match, approvals/encumbrances, and expenditures.
- Proof of payment—such as photocopies of checks—of grant funds from the grant recipient to the land occupier or project holder, or (if the grant recipient is the contract holder), from the grant recipient to the contractor.
- Other records of cash flows pertaining to the recipient's grants, such as program logs. Program
 Logs should show the division between funds used for practices or projects and funds
 encumbered for technical and administrative (T/A) costs.
- For projects with a training component, documentation such as: the course name, description, facilitator or teacher, date, and location.

Invoices and Receipts in Project Files

Receipts must be maintained in project files for work charged to the grant. Receipts should be itemized and properly detailed. Depending on the timing of a financial reconciliation, invoices rather than receipts may be sufficient to verify the work. Invoices should be supplemented by a voucher that documents what the land occupier or project holder actually paid for the practice.